

Minutes

Joint meeting with Catawba County Board of Commissioners and Newton City Council
Special Session, Thursday, March 18, 2004, 3:00 p.m.

Agreements/Contracts

Incentives with ZF-Lemforder Corporation 492 03/18/04

Economic Development Corporation, Catawba County

Incentives with ZF-Lemforder Corporation 492 03/18/04

Newton, City of

Incentives with ZF-Lemforder Corporation 491 03/18/04

The Catawba County Board of Commissioners and Newton City Council held a special, joint meeting on Thursday, March 18, 2004, 3:00 p.m., at the Newton City Hall, Gantt Community Room, 401 North Main Avenue, Newton, North Carolina. The purpose of the meeting was to discuss possible industrial and business location(s) within the City of Newton, including the use of incentives for specific industrial and business locations.

Present were Chair Katherine W. Barnes, Vice-Chairman Dan A. Hunsucker, Commissioners Glenn E. Barger, Barbara G. Beatty, and Lynn M. Lail.

Absent: N/A

A quorum was present.

Also present were County Manager/Deputy Clerk J. Thomas Lundy, Assistant County Manager Mick W. Berry, Assistant County Manager Joellen J. Daley, County Attorney Robert Oren Eades, and County Clerk Thelda B. Rhoney.

Present from City of Newton: Mayor Robert A. Mullinax, Mayor Pro Tem Tom Rowe, Council Members Wayne Dellinger, Al Gaither, Anne P. Stedman, Thomas A. Dixon, Roy Johnson. Also present were Newton City Manager Ed Burchins, Planning Director/Assistant City Manager Glenn Pattishaw, and City Clerk Rita K. Williams.

Also present Jeff Cline, EDC Chairman and Scott Millar, EDC President.

1. Mayor Bob Mullinax called the Newton City Council meeting to order at 3:05 p.m.
2. Chair Barnes called the Catawba County Board of Commissioners meeting to order at 3:05 p.m.
3. Catawba County Economic Development Corporation President Scott Millar gave a brief project overview. ZF-Lemforder Corporation is one of the worlds 15 largest automotive suppliers headquartered in Friedrichshafen, Germany. They have a total workforce of 53,300 in 119 locations in 25 countries around the world. The company had total revenues in 2002 of over \$10 billion. In North America, ZF-Lemforder Corporation is headquartered in Northville, Michigan. They specialize in auto suspension assemblies and they are considering the location of a 200 person facility with investments in land and building of approximately \$6 million; equipment and machinery totaling \$30 million; and a working capital commitment of \$15 million. The jobs are primarily machining and metalworking making control arm assemblies for the front suspensions for GM vehicles such as Suburban, Tahoe, and Yukon and imports such as BMW and others. They have committed to pay at or more than Catawba County's average manufacturing wage of \$17 per hour. There were over 200 project locations considered for the project from Canada throughout the eastern United States. The two finalist sites were Hopkinsville, Kentucky, and Newton, North Carolina. The 30 acre site is located in the Danner Industrial Park in Newton. The initial facility is expected to be opened in the spring of 2005. The Catawba County Economic Development Corporation, City of Newton, and Catawba County have been working on this project since November 2002.
4. Newton's City Manager Ed Burchins presented Newton's incentive program at a total cost of \$1,856,500 and in return ZF has agreed to make an investment of \$45 million in real and personal property and maintain for a 10-year period. The City of Newton will hold two public hearings since they are providing land. The public hearings will be held on April 6 and April 21, 2004.

The Newton Council unanimously approved a letter of intent and called for the required public hearings.

5. Mr. Millar reviewed the proposal for Catawba County. Based on a minimum of \$36 million in new taxable investments and the creation of a minimum of 200 new jobs paying at or above Catawba County's average manufacturing wage and adhering to all pertinent North Carolina General Statutes, the county incentive would be a cash grant of approximately \$499,748 payable upon approval of a contract and satisfactions of conditions to that contract. This amount was derived by determining the guaranteed investment that the company is providing, the subsequent income stream through the County over a five year period, and by multiplying that figure by 67 percent (which is determined by applying Catawba County's long standing guidelines for economic development assistance), adding an additional \$33,333, and granting to the company the present value of that amount. Ad valorem on \$36 million equals \$172,800 per year. The investment will net a positive payback to the county in less than three years.

Chair Barnes thanked the EDC and she called for a motion.

Commissioner Beatty made a motion to approve an economic grant to cause ZF-Lemforder Corporation to locate a minimum 200 person, \$36,000,000 auto parts facility to Newton's Danner Industrial Park. This grant is expected be approximately \$499,748, to be used to reimburse Company expenditures as eligible under North Carolina General Statute 158-7.1(a). This expenditure is expected to be offset in a period of approximately three years by new tax revenues generated by the project, and, in order to assure the project will occur and the jobs will be generated, the grant will not exchange hands until the project begins. The Board also directs the County Attorney to develop a contract to be executed between the Company and the County under these terms and conditions. The motion carried unanimously.

6. Mayor Mullinax, Chair Barnes, and Jeff Cline welcomed the ZF-Lemforder Corporation.
7. Mr. Millar introduced the following representatives from ZF-Lemforder Corporation:

Tom Gorman, Vice President of Chassis Components in North America
Frank Buscemi, Public Relations Manager
Michael Wolf, Division Controller
Andy Henkel, Project Manager

8. Mr. Gorman said they were honored to become a part of the community. He gave a brief background of ZF. In North America they have 30 locations, 22 manufacturing facilities, and 6,000 employees. Construction on the plant will begin very soon and the first phase will open in 2005.
9. Adjournment.

At 3:35 p.m. there being no further business to come before the Board, Commissioner Hunsucker made a motion to adjourn. The motion carried unanimously.

Katherine W. Barnes
Chair, Board of Commissioners

Thelda B. Rhoney
County Clerk